



THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH  
 1608 Rhode Island Avenue, NW, Suite 213, Washington, D.C. 20036  
 202-974-6384 fax:202-223-2330 e-mail: [randsell@calinst.org](mailto:randsell@calinst.org) web: <http://www.calinst.org>

## California Capitol Hill Bulletin

### Volume 14, Bulletin 25 – July 27, 2007

*To expand communications between Washington and California, the California Institute provides periodic news bulletins regarding current activity on Capitol Hill that directly impacts the state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods.*

#### SENATE EPW HOLDS HEARING ON CALIFORNIA GREENHOUSE GAS WAIVER

On July 26, 2007, Chairwoman Barbara Boxer called a hearing of the Senate Environment and Public Works Committee to examine the status of California’s request for a waiver from the Environmental Protection Agency to regulate greenhouse gas emissions from automobiles. The only witness was Stephen Johnson, Administrator of the U.S. Environmental Protection Agency.

California filed a request for a waiver with EPA about a year and a half ago to allow the state to set standards to reduce greenhouse gas (GHG) emissions. EPA argued that GHG emissions were not covered by the Clean Air Act and, therefore, it would not act on the waiver. On April 2, 2007, however, the Supreme Court held (in *Massachusetts v. EPA*) that the Clean Air Act covered GHGs. As a result, EPA instituted a notice and comment period on the California waiver, which closed on June 15<sup>th</sup>. EPA has informed Governor Arnold Schwarzenegger that the agency will issue its ruling in December 2007. There are twelve other states, accounting for over 30 percent of the vehicles sold in the United States, that are also seeking waivers.

During the hearing, Boxer was clearly disturbed that the decision would not be made until December. She thought it indicated that EPA had already made up its mind to deny the waiver because of undue influence exerted by the Bush Administration and, especially, the Department of Transportation. Although Johnson argued that EPA had received over 60,000 comments on the waiver that had to be analyzed, Boxer showed that, according to EPA’s own docket on the waver, 54,000 of those comments were standardized letters – so called, “postcard comments” – of only a few paragraphs.

Sen. Ben Nelson (FL), along with Sen. Boxer and others, have introduced S. 1785 to require EPA to issue its ruling by September 30, 2007.

For further information, go to: <http://epw.senate.gov> .

#### CONTENTS:

Senate EPW Holds Hearing on California Greenhouse Gas Waiver. . . . .	1
House Presses Forward With 2007 Measure to Renew Farm Bill. . . . .	2
Senate Approves Five-Year Reauthorization of Higher Education Act; Separate Bill Alters Student Loan Financing.. . . .	4
House Passes Transportation-HUD Spending Bill. . . . .	5
House Passes CJS Appropriations; Boosts SCAAP Funding Again . . . . .	5
House Judiciary Subcommittee Examines “Internet Tax Freedom Act” . . . . .	6
House Committee on Science and Technology Reviews Global R&D. . . . .	6
Inking Deal To Alter Homeland Grants’ Small-State Guarantees and Requiring 100% Port Screening, Senate Adopts 9/11 Conference Report. . . . .	7
U.S. - China Trade Considered By Senate Commerce Subcommittee. . . . .	7
Two Hearings Review Lower Colorado River Multi-Species Conservation. . . . .	8
Senate EPW Subcommittee Hearing Addresses Global Warming Issues . . . . .	9
House T&I Committee Holds Hearing on Wetlands & Water Pollution.. . . .	9
New PPIC Report Reveals Realities of Day Laborers in California. . . . .	10
Latest Statewide Survey From PPIC Gauges Californians’ Attitudes re Environment; Concerns and Mistrust of Government on the Rise.. . . .	11

ADVISORY BOARD SUPPORTERS  
OF THE  
CALIFORNIA INSTITUTE

The California Institute wishes to express its heartfelt thanks to the following donors for their generous support, without which none of our work would be possible.

**BENEFACTORS**

Public Policy Institute of California  
California State Legislature  
The California State University  
Sempra Energy  
Southern California Edison  
PG&E Corporation

**PATRONS**

AT&T  
The Boeing Company  
General Atomics  
Safeway Inc.  
University of California  
Verizon Foundation  
Hewlett-Packard

**SPONSORS**

Applied Materials  
California Business Roundtable  
California Chamber of Commerce  
California Federation of Teachers  
California Institute of Technology  
Center for California Studies, CSUS  
Century Housing  
Chevron  
Lockheed Martin  
Pacific Life  
Rockwell Collins  
SAIC  
Transportation California  
University of Southern California  
Wine Institute

**CONTRIBUTORS**

Association of California Water Agencies  
California Bankers Association  
California School Boards Association  
California State Association of Counties  
City of Los Angeles  
International Brotherhood of Teamsters  
Bay Area Economic Forum  
California Association of Realtors  
California Farm Bureau Federation  
California Space Authority  
Fleishman-Hillard Government Relations  
League of California Cities  
Metropolitan Water District of So. Calif.  
Trimble Navigation  
Wyle Laboratories  
Xilinx

California Institute for Federal Policy Research  
1608 Rhode Island Ave, NW, Suite 213  
Washington, DC 20036 [www.calinst.org](http://www.calinst.org)

## HOUSE PRESSES FORWARD WITH 2007 MEASURE TO RENEW FARM BILL

The House late on Thursday, July 26, 2007, the House began consideration of the 2007 Farm Bill (HR 2419). Complete coverage of the floor action will be in the Bulletin next week.

During its marathon markup on July 17, 18, and 19, 2007, the House Agriculture Committee adopted many amendments bringing both cheers and jeers.

The following is a brief summary of some of the adopted amendments from the Committee markup:

- Conaway Amendment as amended, by voice vote, regarding de minimus payments

- Graves Amendment, by voice vote, regarding permanent debarment authority

- Lampson Amendment, by voice vote, regarding the Healthy Oils Incentive Program

- Costa Amendment, by voice vote, regarding the Federal Milk Marketing Order Review Commission

- Pomeroy Amendment, by voice vote, on the Federal crop insurance 508(h) process

- Goodlatte Amendments considered en bloc, by voice vote, regarding Environmental Quality Incentives Program (EQUIP.) and pest management and evaluation criteria under the Conservation Title

- Etheridge Amendment, by voice vote, regarding gasifier technology

- Costa Amendment, by voice vote, regarding the Regional Water Enhancement Program

- Musgrave Amendment, by voice vote, regarding "in-stream flows" under EQUIP.

- Walz Amendment, by voice vote, regarding the Conservation Security Program evaluation and ranking process, and application process

- Holden second-degree Amendment to a Goodlatte Amendment, by voice vote, regarding the Farm and Ranchland Protection Program

- Moran Amendment, by voice vote, regarding the Conservation Reserve Enhancement Program

- Cardoza Amendment, by voice vote, regarding germplasm conservation

- Moran Amendment, by voice vote, regarding non-emergency food assistance

- Kagen/Fortenberry Amendment, by voice vote, regarding geographic preference on food procurement

- Schmidt Amendment, by voice vote, regarding nutrition education

- Goodlatte Amendment regarding rural development and farm loan program sourcing

- Boswell Amendment, by voice vote, regarding the Rural Strategic Investment Program

- Gillibrand Amendment, by voice vote, regarding local purchase preferences

- Space Amendment as amended, by voice vote, regarding the USDA broadband loan program
- Pomeroy Amendment, by voice vote, regarding the Rural Cooperative Development Program
- Herseth Sandlin Amendment, by voice vote, regarding rural public television stations
- Smith Amendment, by voice vote, regarding ethanol by-products
- Conaway Amendment, by voice vote, regarding the Foreign Agriculture Service Grant overhead limitation
- Kagen Amendment, by voice vote, expressing the sense of Congress on organic research
- Herseth Sandlin Amendment, by voice vote, regarding biomass enzyme research
- Conaway Amendment, by unanimous consent, expressing a sense of Congress on alternative fuels
- Lampson Amendment, by voice vote, regarding biobased procurement guidelines
- Kagen Amendment, by voice vote, regarding the Farmer's Market Promotion Program
- Cardoza Amendment, by voice vote, regarding the definition of speciality crops
- Gillibrand Amendment, by voice vote, regarding organic conversion
- Conaway Amendment, by voice vote, regarding the mandatory Country of Origin Labeling program
- Herseth-Sandlin Amendment, by voice vote, regarding the crop insurance access for native grassland
- McCarthy Amendment, by voice vote, regarding regulation of exports of plants, plant products, biological control organisms, and noxious weeds
- Boswell Amendment, by voice vote, regarding a methamphetamine inhibitor grant program
- Rogers Amendment, by roll call vote (26-Y, 17-N), regarding arbitration clauses contained in livestock and poultry contracts

On July 24, Chairman Collin Peterson held a press conference on the bill, crediting the open political process that included every member of the committee for the bill's rapid progress. He noted the special provisions improving fruits and vegetables and conservation policies for the benefit of the entire country.

On July 25, Rep. Peterson helped broker a deal on new labeling for fruits and vegetables. Under the bill, produce will be labeled to indicate where it came from, similar to a plan for meat that was included in the committee bill last week. On July 26, the Rules panel approved the framework for debate of the bill on a 9-4 party-line vote. It made in order 31 of the 110 amendments filed by members, including one that would phase out some commodities subsidies and invest the savings in conservation, nutrition and rural development programs. To offset costs of the massive farm policy overhaul, the rule would tie to the bill the tax provision by Rep. Lloyd Doggett (TX) that has riled Republicans and provoked a veto threat from President Bush. The tax measure would produce \$4 billion in revenue over five years and \$7.5 billion over 10 years.

The rule also would automatically add new language in a manager's amendment that would provide mandatory spending for the McGovern-Dole international food aid program and add several revenue-raising energy provisions. Among them are provisions that would impose a "conservation of resources fee" on oil or gas produced from certain Outer Continental Shelf deepwater leases; repeal provisions of existing law that preclude the Bureau of Land Management from collecting certain fees; provide additional royalty relief for oil and gas produced from the Outer Continental Shelf from ultra-deep wells and authorize the Interior Department to modify the terms of oil and gas leases in the National Petroleum Reserve in Alaska. The energy provisions would reduce direct spending by \$6.1 billion over 10 years, another offset for farm bill spending.

Rules Committee Republicans fought in vain to prevent inclusion of the Doggett tax provision, which targets foreign-owned companies. Rep. David Dreier (San Dimas), Ranking Member of the Committee, made several procedural attempts to split off the tax provision and allow separate votes on it on the floor. All were defeated. The plan is bitterly opposed by business interests, including the U.S. Chamber of Commerce, which portrayed the provision as a tax increase. The Democrats describe the provision as closing a tax loophole that the Bush Administration itself pointed out in 2002.

For more information, please visit: <http://agriculture.house.gov> .

## **SENATE APPROVES FIVE-YEAR REAUTHORIZATION OF HIGHER EDUCATION ACT; SEPARATE BILL ALTERS STUDENT LOAN FINANCING**

On July 24, 2007, the Senate passed S.1642, the Higher Education Amendments of 2007. The bill is a five-year reauthorization of the Higher Education Act, the first reauthorization since 1998. It was approved on a unanimous 95-0 vote. Since the last formal HEA version lapsed in 2003, Congress and the President have kept federal higher education programs operating through a long series of annual appropriations and temporary extensions of authorization.

On July 20, 2007 the Senate passed a related bill (HR 2669) that would cut federal subsidies for private lenders in order to increase Pell Grant programs for the poorest college students. HR 2669, the College Cost Reduction Act of 2007, will cap loan repayments at 15% of monthly income and offer loan forgiveness to college graduates after 10 years of work in public service.

In contrast, by voice vote on July 25, the House of Representatives cleared a bill making one more short-term extension of the Higher Education Act. The House move was considered a signal that it will not expedite the long-term reauthorization that the Senate passed. The House-cleared bill (S 1868) would extend the law for three months, to Oct. 31. Hedging its own bets, the Senate also passed the same extension on the evening of July 24, after passing the reauthorization bill. (That bill, S.1642, passed the Senate with an amendment clarifying that colleges could not use federal aid for lobbying purposes. The amendment was approved by the Senate 93-0 just before it passed passing the reauthorization bill.) Whereas the House during previous Republican-controlled Congresses had approved such legislation, this session of Congress has yet to see a comprehensive House HEA reauthorization measure.

Primary provisions of the Senate higher-education reauthorization bill will:

- Require the Education Secretary to compile data on the total cost of post-secondary schools and make that information readily available to students and parents
- Track the costs at post-secondary schools through a “Higher Education Price Increase Watch List” to rank and publicize institutions with costs that rise more rapidly than others
- Ban lenders from offering payments, gifts or other inducements to schools in order to gain a spot on “preferred lender” lists
- Shorten the Free Application for Federal Financial Aid form from seven pages to two within five years and create a pilot program to allow students to receive an estimate of the total amount of aid they can expect from the government up to two years in advance
- Authorize a \$6,300 maximum Pell Grant by 2012, up from the current maximum of \$4,310
- Authorize an expansion of GEAR-UP and TRIO programs to prepare low-income students for college
- Authorize competitive grants for veterinary and nursing schools to allow them to expand their capacity to train students
- Create new loan assistance programs for public prosecutors and defenders and certain legal aid lawyers.

For more information regarding Senate floor activity, please visit: <http://www.senate.gov> .

In addition, for a California-focused analysis of a number of formula provisions related to the Higher Education Act reauthorization, visit the Public Policy Institute of California (PPIC). A collaboration between PPIC and the California Institute for Federal Policy Research yielded the “*Federal Formula Grants and California*” series. One report from that series detailed House higher education reauthorization activity, California’s student aid returns, and the California perspectives regarding formula components of higher education law. To view or download a copy of “Student Aid and Higher Education”, which is part of the Federal Formula Grants and California publication series, or for more information, visit PPIC at: <http://www.ppic.org/main/publication.asp?i=627> .

## **HOUSE PASSES TRANSPORTATION-HUD SPENDING BILL**

On July 24, 2007, the House voted 268-153 to pass the fiscal 2008 Transportation-Housing spending bill (HR 3074). The \$104.4 billion measure includes about \$50.7 billion in discretionary spending, exceeding President Bush's request of \$47.9 billion. The funding levels are a 6.7 percent increase over fiscal 2007 spending levels and 5.8 percent more than President Bush requested.

### **Transportation**

This funding would provide the Federal Highway Administration with \$40.2 billion, as set by the recently enacted surface transportation authorization legislation, SAFETEA-LU. This is \$631 million above the President's request and 3.2 percent more than the FY2007 enacted level, excluding emergency supplementals. The Federal Aviation Administration (FAA) would receive \$14.6 billion, which is \$140 million more than last year and \$664 million more than Bush requested.

The Federal Transit Administration (FTA) is to be funded at \$9.7 billion, which is \$1.2 billion more than the FY 2007 level. The following programs are funded through the Federal Transit Administration: formula grants, transit planning and research; rural transportation assistance; metropolitan, state, and national planning; capital investment grants; fixed guideway modernization; "new starts" program; buses and bus-related facilities; and job access and reverse commute grants.

### **Housing**

The community development fund, which helps localities build housing in low-income areas, would receive \$4.2 billion, \$408 million more than last year and \$1.1 billion more than Bush requested. HOPE VI, which funds revitalization of deteriorating public housing projects, would receive \$120 million, which is \$21 million more than last year; the Administration had sought to eliminate the program.

Although most amendments offered to the bill were defeated, the House did adopt by voice vote an amendment to prohibit funding for DOT's program to allow up to 100 Mexican trucking companies to travel beyond the set commercial zones along the U.S.-Mexican border, after meeting certain safety and public health inspections and requirements.

For further information, visit the Committee's website at: <http://www.house.gov>

The Institute will prepare a more detailed analysis of the California implications of the bill, which will be available in the near future.

## **HOUSE PASSES CJS APPROPRIATIONS; BOOSTS SCAAP FUNDING AGAIN**

The House by a vote of 281-142 passed H.R. 3093, the FY09 Appropriations for Commerce, Justice, Science. During consideration, the House passed, 388-39, an amendment offered by Rep. Zoe Lofgren (San Jose) that added \$55 million to the State Criminal Alien Assistance Program (SCAAP). The amendment was co-sponsored by several other Californians. In the Appropriations Committee, Rep. Mike Honda (San Jose) successfully bumped funding up by \$30 million to \$405 million. Rep. Lofgren's amendment now brings funding up to \$460 million in the House bill.

In FY 2006, of the roughly \$333 million in SCAAP grants, the State of California received about \$92 million. Los Angeles County received \$10.5 million. Historically, California and its local governments receive about 40 percent of total SCAAP funding.

Before final passage of the bill, the House voted down a motion to recommit the bill, 209-215. The motion was offered by Rep. Jerry Lewis (Redlands), Ranking Member of the Committee, and supported by Rep. David Dreier (San Dimas), Ranking Member of the Rules Committee. In addition to sending the bill back to the Committee, it would have instructed the Committee to fund SCAAP at the fully authorized FY09 level of \$950 million. Rep. Lofgren opposed the motion to recommit, stating that her amendment called for offsetting cuts in other programs, and she would have pushed for more money for SCAAP if she had been able to find more offsets that did not harm the other programs in the bill. Majority Leader Steny Hoyer decried the motion as a political ploy to force members to take a hard vote. The majority contends that the

Republican leadership has been offering recommittal motions to the appropriations bills in an attempt to kill the bills.

The \$54 billion bill provides \$2.3 billion more in funding that requested by the President, including \$1.7 billion more for state and local law enforcement programs.

### **HOUSE JUDICIARY SUBCOMMITTEE EXAMINES “INTERNET TAX FREEDOM ACT”**

On Thursday, July 26, 2007, the House Judiciary Subcommittee on Commercial and Administrative Law held a hearing on the Internet Tax Freedom Act and heard testimony from Reps. Anna Eshoo (Menlo Park), and John Campbell (Irvine), as well as Meredith Garwood, Time Warner Cable Charlotte, NC, and David C. Quam, National Governors Association.

The Internet Tax Freedom Act created a temporary moratorium on Internet access taxes as well as discriminatory or duplicative taxes on e-commerce. The moratorium was established to encourage universal access to the Internet as well as promote e-commerce. There was general agreement that this policy has been a resounding success, fostering growth in productivity and innovation and widening public access to information. With the current Internet Tax Freedom Act set to expire on November 1, 2007, the hearing was held to discuss proposed legislation addressing the issue.

Congresswomen Eshoo discussed her legislation, H.R. 743, which would permanently extend the temporary Internet tax moratorium and ensure consumers that their Internet access would remain unhindered by discriminatory and duplicative taxes, she said.

Congressman Campbell has also introduced very similar legislation, H.R.1007, with the only adjustment being the removal of the “grandfather clause” which allows states and local governments to continue to collect taxes imposed prior to 1998.

The only opposition to continuing the tax prohibition came from David C. Quam of the National Governors Association. He raised concern about a “loophole” where transactions are made online to avoid taxation which puts states at risk of losing significant revenue. He also pointed out the dramatic changes in the Internet since the original bill was passed and the inability to predict its status in the future. Implementing a permanent memorandum, he argued, would not provide any opportunity for evaluation and change that might be necessary in the future.

For testimony of all the witnesses, go to: <http://judiciary.house.gov> .

### **HOUSE COMMITTEE ON SCIENCE AND TECHNOLOGY REVIEWS GLOBAL R&D**

On July 26, 2007, the House Committee on Science and Technology held a full committee hearing to review the affects of globalization on America’s universities and its implications for the U.S. science and engineering fields. The hearing, entitled “The Globalization of R&D and Innovation: The University Response” was the second in a series on globalization continued from June 12. The hearing featured testimony from several U.S. universities and programs involved in science, technology, engineering and mathematics (STEM) fields of research.

The following are a few key points from the hearing:

- For the U.S. to retain its strength in science and technology and its leadership in the global economy and to contribute meaningfully to the solution of the world’s problems, the U.S. should attract the best and brightest students, staff and faculty members to U.S. universities, business and industry irrespective of their national origins
- Universities should instill an international perspective in all students and collaborate with others internationally
- In 2002, universities in the United States hosted almost 85,000 visiting scholars. Although statistics are not available, it is estimated that visiting scholars number 250,000 worldwide
- The globalization of R&D and innovation is critical to the future of U.S. institutions and the economic success of the United States

For more information, please visit: <http://science.house.gov> .

## **INKING DEAL TO ALTER HOMELAND GRANTS' SMALL-STATE GUARANTEES AND REQUIRING 100% PORT SCREENING, SENATE ADOPTS 9/11 CONFERENCE REPORT**

Late in the evening of Thursday, July 26, 2007, the Senate adopted the conference report to accompany H.R. 1, a bill implementing many of the recommendations of the September 11 Commission.

As reported in a previous edition of the *Bulletin (Vol. 14, No.24, 7/20/2007)*, the issue of whether to require 100 percent screening of incoming maritime cargo was resolved when conferees agreed to an amendment establishing a five-year deadline for 100 percent scanning of all containers before they are loaded onto ships bound for U.S. ports, but it also would allow the Department of Homeland Security Secretary to "waive that deadline as necessary." The amendment allows postponement of that deadline if the Secretary finds technological and/or logistical requirements are lacking. Thus, the conference agreement requires the scanning of all ship-borne cargo containers by 2012, but it allows for postponement of that deadline for cause.

The conference report also makes a substantial change to the state minimum guarantee provisions for homeland security grants. State grants have long contained a 0.75 percent guarantee for small states - the provision, inserted in the USA-Patriot Act in 2001, required that no state receive less than 3/4 of a percent of state homeland security grant funding. The result of the provision was that some small states received vastly more funding per capita for terrorism prevention. (In one often-cited statistic, California received just \$5 per capita from the initial years of the nation's primary homeland security grant, whereas Wyoming had received \$38 per capita for those same years -- a per-person total seven times greater.)

The conference agreement reduces the small state guarantee to 0.375 percent of total homeland security grant spending for 2008, .0365 percent for 2009, 0.36 percent for 2010, 0.355 percent for 2011, and then finally settle at 0.35 percent by 2012 and subsequent years. Whereas this sounds like a significant victory for California and other large states, an additional wrinkle negates much of the benefit from such a change.

Unfortunately, for the first time since the creation of the programs in 2003, the conference report applies the small-state guarantee to urban area funding provided under the Urban Area Security Initiative or UASI. Whereas California's low historical percentage (8%) of state grant funds has in the past been appreciably offset by its large proportion (17% to 20%) of past UASI funding, the state's UASI share will likely see a reduction thanks to applying a small-state guarantee ... one that is somewhat surprising, given that the major *urban* areas that are arguably the very point of the UASI program in the first place are less likely to be found in the smaller and more rural states that will now be guaranteed a take of these urban area funds.

The conference agreement represents many months of negotiations between the House and Senate, as well as with the Bush Administration. The House is expected to pass the legislation in the next few days, and the President has signaled his intent to sign it.

The full text of the conference report has been printed in the Congressional Record, which is now available online at [http://hsgac.senate.gov/\\_files/ConferenceReportinRecord.pdf](http://hsgac.senate.gov/_files/ConferenceReportinRecord.pdf) .

For a California-focused analysis of a number of formula provisions related to the formulas for distributing homeland security grants, visit the Public Policy Institute of California (PPIC) to download a report developed via a collaboration between PPIC and the California Institute for Federal Policy Research called the "*Federal Formula Grants and California*" series. The report from that series detailed that addresses homeland grant funding is entitled *Federal Formula Grants & California: Homeland Security*", which available at: <http://www.ppic.org/main/publication.asp?i=481> .

## **U.S. - CHINA TRADE CONSIDERED BY SENATE COMMERCE SUBCOMMITTEE**

The Senate Commerce, Science, and Transportation Subcommittee on Interstate Commerce, Trade, and Tourism held a hearing on July 25, 2007 to explore the U.S.-China trading relationship. The hearing focused on the current status of trade between the two nations and the impact of U.S.-China trade on U.S.

manufacturers, consumers, and workers. Witnesses included: David Spooner, Assistant Secretary of Commerce for the International Trade Administration, U.S. Department of Commerce; Scott Paul, Executive Director, Alliance for American Manufacturing; Robert S. Nichols, President and Chief Operating Officer, Financial Services Forum.

During the hearing, Subcommittee Chairman Byron Dorgan (ND) peppered Spooner with questions and criticisms regarding the increasing U.S. trade deficit with China, noting that for every \$6 spent by the U.S. to buy Chinese goods, China only spends \$1 to buy U.S. goods. On the other hand, Ranking Member Jim DeMint (SC) expounded on the benefits of trade to the U.S. economy and the estimated \$3,000 saved annually by U.S. consumers because of lower priced imports from China.

Spooner pointed out that the U.S. strategy to improve trade relations with China includes aggressive negotiations on specific problem areas, vigorous enforcement of U.S. anti-dumping and countervailing duty trade laws, and increasing trade promotion activities to encourage U.S. companies to export to China.

Mr. Paul cited several statistics in his testimony regarding the impact of trade with China on the U.S., including: the estimated loss of 269,000 jobs in California, as part of the overall loss of 3 million manufacturing jobs in the nation over the last several years, and a 22 percent increase in the amount of Chinese electronics sold in the United States. Discussing China's price advantage over U.S. goods, Mr. Paul argued that China's non-enforcement of wage laws, export subsidies, dumping, currency manipulation, piracy, and other unfair trade practices account for much of that price advantage.

Mr. Nichols testified that China needs a more open, modern, and effective financial system. Establishing a better financial system would lay the groundwork for reforming China's currency system and meaningfully reducing the trade deficit, Nichols argued.

For the testimony of all the witnesses, go to: <http://commerce.senate.gov> .

## **TWO HEARINGS REVIEW LOWER COLORADO RIVER MULTI-SPECIES CONSERVATION**

On Tuesday, July 24, the House Natural Resources Subcommittee on Water and Power heard testimony from 5 witnesses on HR 2515. The bill will authorize the Bureau of Reclamation to carry out the Lower Colorado River Multi-Species Conservation Program (LCR MSCP) in Arizona, California, and Nevada. On Thursday, July 26, 2007, the Senate counterpart, S. 300, was the subject of a hearing before the Energy and Natural Resources Subcommittee on Water and Power.

HR 2515 has as its goals species and habitat conservation, as well as ensuring continued water deliveries to areas in need. Conceived through efforts from fifty federal and non-federal entities in the three states, the bill sets out to safeguard 26 endangered species along the lower Colorado River area.

Panelist Gerald R. Zimmerman, Executive Director of the Colorado River Board of California discussed the advantages of HR 2515 for California. California, in a normal year, already uses 4.4 million acre-feet of water from the river, and the water is used in many agricultural districts and supports almost half of the state's population. Mr. Zimmerman believes that HR 2515 will ensure that California will still have access to water resources while at the same time participate in species protection.

The bill's term is set for 50 years, and this unprecedented request has raised many questions and concerns from the Subcommittee. Chairwoman Grace Napolitano (Norwalk), in her opening statement, voiced scepticism with this long term date. She said, "I am concerned that the 50 year term of the MSCP agreement proposed in this legislation may be too long. Nobody can predict what the Lower Colorado River might look like fifty years from now".

Panelist Kara Gillon, a Senior Staff Attorney for the Defenders of Wildlife, also voiced her concerns with the MSCP, questioning the legislation's lack of preparation for possible changes down the road. She criticized the fact that the MSCP has no goals or objectives on how it will carry out habitat restoration, and that the bill fails to address how global warming will affect wildlife and conservation efforts.

In response to questions concerning the 50 year term date, the panelists mentioned how MSCP is an adaptive management program. The bill allows room for flexibility and adaptability in case of changes. Also, 25% of the budget is set aside for improvements of the program. The panelists are optimistic that the

program's adaptive management quality will prepare people to address whatever changes in river's conditions during the 50-year period.

For testimony of all the witnesses, go to: <http://www.resources.house.gov> .

At the Senate hearing, witnesses included: Mr. Larry Todd from the U.S. Department of the Interior and Ms. Perri Benemelis from the Arizona Department of Water Resources. S. 300 contains many of the same components as its House counterpart. It has a 50 year term date, ensures protection and conservation of endangered species while promising to deliver water to areas nearby. Ms. Benemelis praised the bill's adaptive management concept, categorizing that as one of the three reasons which will make the bill successful. While HR 2515 was subject to many questions and concerns during the House meeting, especially on the 50-year term date, S 300's reception in the Senate was relatively more quiet.

To view the testimony from all the witnesses, visit <http://energy.senate.gov>.

### **SENATE EPW SUBCOMMITTEE HEARING ADDRESSES GLOBAL WARMING ISSUES**

The Senate Environment and Public Works Subcommittee on Private Sector and Consumer Solutions to Global Warming and Wildlife Protection held a hearing on July 24, 2007 entitled "Economic and International Issues in Global Warming Policy" and heard testimony from Timothy Profeta, Director, Nicholas Institute for Environmental Policy Solutions, Duke University; Blythe S. Masters, Managing Director, JP Morgan Securities Inc.; Robert Baugh, Executive Director, Industrial Union Council, AFL-CIO; and Margo Thorning, Senior Vice President and Chief Economist, American Council for Capital Formation.

The committee focused on possible proposals aimed at tackling the issue of Global Warming. Some of the issues discussed at the hearing included:

Any proposal should meet five criteria set by the Senate: It should maintain environmental integrity, avoid unexpectedly high costs to the economy, focus on sustained price departures rather than short-term volatility, maximize the use of market-based mechanisms, and provide effective incentives for long-term investment.

A "cap and trade" system is a market based policy that would help control costs. Companies would purchase emissions permits to account for the emissions they generate and endure the costs if they produce over the limit. This would give companies incentive to develop ways to reduce emissions. If they produce under their set limit, credits could be sold to companies with higher emissions.

If a national market-based cost relief program is implemented it is necessary that the program encourage comparable actions by other nations that are major trading partners and key contributors to global emissions. This will insure global competitiveness of the US economy and produce necessary results for reduction of global emissions.

Some panelists, skeptical of a safety valve approach, say it's a form of price control. A price control would set a premium price for carbon but would also limit investment that would be used for innovation in creating production processes with lower emissions, thus undermining the environmental protection goal.

Senator Barbara Boxer, Chair of the Committee, indicated that she fully supports a proposal for a carbon emissions market claiming it will create new jobs, provide incentives for creation of new technologies that will reduce emissions, and take the right step towards reducing global emissions.

For more information, go to: <http://www.epw.senate.gov> .

### **HOUSE T&I COMMITTEE HOLDS HEARING ON WETLANDS & WATER POLLUTION**

On Thursday, July 19, 2007, the House Transportation and Infrastructure Committee held a hearing on the Clean Water Act and the status of U.S. wetlands and water pollution. Witnesses included: Carol M. Browner, The Albright Group, and former EPA Administrator; Steve Moyer, Trout Unlimited; Joe Logan, President, Ohio Farmers Union; Marcus J. Hall, Director, Public Works/County Engineer, Duluth, Minn.; Norman M. Semanko, executive director and general counsel, Idaho Water Users Association; and Larry Forester, member, City Council, Signal Hill, California, representing the Coalition for Practical Regulation.

The Federal Water Pollution Control Act, also known as the Clean Water Act, was enacted in 1972 to restore and maintain the chemical, physical, and biological integrity of the Nation's water. Although the statute has led to dramatic improvements in the nation's waterways, according to Committee documents, one-third of all waters do not meet the fishable and swimmable standards established over 30 years ago.

Mr. Moyer argued that because of two recent Supreme Court decisions and the federal government's "flawed guidance" in interpreting those decisions, the status of the nation's water is threatened. He supported H.R. 2421, the Clean Water Restoration Act of 2007, which would amend the Clean Water Act. He testified that it offers a clear fix by providing a statement of congressional intent to authorize jurisdiction over wetlands under the Clean Water Act and get back on track to do the job for which it was intended.

While the Act aims to protect navigable waters, the nation has lost 50% of its wetlands since enactment. Ms. Browner suggested that using a very broad definition of the term "waters of the United States" will restore Congress's initial intent and ensure protection of all the nation's water from pollution.

Mr. Forester recommended that Congress carefully consider any legislation that would extend jurisdiction to all waters of the United States. Cities in Southern California, he argued, are struggling with unfunded mandates extending Clean Water Act standards to local storm drains, curbs and gutters. Expansion of the Clean Water Act would trigger these problems nationwide, for thousands of communities, costing them millions of dollars.

For the testimony of all the witnesses, go to: <http://transportation.house.gov> .

## **NEW PPIC REPORT REVEALS REALITIES OF DAY LABORERS IN CALIFORNIA**

A common sight in cities around California is the scene of men scattered near street corners, parking lots, store-fronts, and busy intersections looking for work. These men are known as day laborers; they wait hoping to attract employers to hire them for temporary work. In a recent issue of the Public Policy Institute of California's *California Economic Policy*, the Arturo Gonzalez examines the day labor market in four areas: 1) how does the day labor market work, 2) what are the social and demographic characteristics of day laborers in California, 3) what are their working conditions, and 4) how are local governments handling the presence of day labor markets in their communities?

The average California day laborer, Gonzalez found, is a 34-year-old male--single, an immigrant, and with less than 7 years of schooling. The majority of these laborers are foreigners: 68% are from Mexico, 29% are born in other parts of Latin America, and 3% are born in the U.S. Eighty percent of laborers are working without a visa or work permit.

Fifty-one percent of day laborers are hired primarily by private individuals, 43% by contractors or subcontractors, and 35% by private companies. About 40,000 people are employed as day laborers on any given day in California. However, this number makes up only 3 percent of the total estimated undocumented male workforce in the state, and only 0.2 percent of the entire state's workforce.

Surprisingly, day laborers earn an average of \$11.32 per hour – substantially more than the minimum wage. Yet net earnings remain low, as the workers only work an average of 23 hours per week. On average, the workers can find work for only two to three days at a time.

Gonzalez found that the data shows that the day laborers market in California is relatively small; however, the nature and manner in which these laborers seek out employment has resulted in wide public and policy attention. Studies reveal that over 50 communities in CA have passed ordinances or enforced laws to eliminate or restrict day laborers from seeking out employers. Other communities in California, on the other hand, have tried to support day laborers by setting up work centers where employers and day laborers can conduct business. In 2004, there were 24 such centers in operation.

Conditions for the laborers appear to be better at formal work centers than at informal sites, the report finds. Many reported being harassed, threatened, or refused service by businesses when they gathered at informal sites. Forty-three percent reported that police forces were often used to remove them from a site. Laborers who were hired at work centers reported far less harassment and less police interaction. Also, one third of day laborers hired at informal sites reported that employers abandoned them at the job site.

The data also reveals that 84% of laborers are searching for a permanent job, and surprisingly 59% have had a regular job. The reasons that keep many laborers from obtaining permanent employment are: their undocumented status, the scarcity of jobs, and their poor or non-existing English and job skills.

To access the full report, visit <http://www.ppic.org> .

## **LATEST STATEWIDE SURVEY FROM PPIC GAUGES CALIFORNIANS' ATTITUDES RE ENVIRONMENT; CONCERNS AND MISTRUST OF GOVERNMENT ON THE RISE**

On July 25, 2007, the Public Policy Institute of California (PPIC) released the latest edition of its ongoing Statewide Survey series. New findings include an increasing discomfort among Californians regarding state and federal efforts to protect the environment.

Perhaps due to overly high expectations about what is possible to accomplish -- expectations that might be raised further by recent forward progress -- about half of Californians now think that state government officials are not doing enough to protect the environment. PPIC President and CEO Mark Baldassare, the founder of the Statewide Survey, commented, "Considering all the attention state leaders are paying to environmental issues and the unprecedented protections they have enacted, it's amazing how little credit -- and slack -- Californians are giving them." Counterintuitively, however, nearly four-fifths of residents (78%) enthusiastically support AB 32, the state's landmark energy legislation

Federal government officials fare even worse in voters' minds when environmental matters are the focus. Two-thirds of Californians now say the federal government is not doing enough to protect the nation's environment. The percentage disgruntled with federal environmental action has risen steadily from 52% in 2003, to 56% in 2004, 61% in 2006, and -- now -- 67% in 2007.

As a possible electoral litmus test for the 2008 campaign, the PPIC Survey indicates that environmental issues have jumped sharply to the forefront of voters' minds. Fully five out of six likely voters responded that candidates' positions on the environment will be very important (54%) or somewhat important (29%) in determining how they cast their vote. Voter interest in the environment has increased significantly from interest levels displayed before the 2004 presidential elections.

California respondents, for the seventh year in a row considered air pollution as the state's most important environmental problem, with 29% statewide so stating. (There are major regional differences in these air quality perceptions, however, with Central Valley, Inland Empire, and Los Angeles area residents generally far more critical.) An increasing proportion (25%) of residents now say air pollution poses a very serious health threat to themselves and their families, up from 18 percent in 2003. Again, there are sharp regional differences, with far greater concern among residents of the Inland Empire, the Los Angeles area and the Central Valley (30%) than among residents of other parts of the state.

Global climate change has increased as a concern of Californians. For the first time, a majority of Californians (54%) say that global warming poses a very serious threat to the state's future economy and quality of life -- a 15-point increase since July 2005. Four out of five Californians (81%) say steps should be taken right away to counter the effects of global warming, and the concern is bipartisan.

These and other topics will be addressed by Baldassare when he presents an August 8 lunch briefing on Capitol Hill. (More information regarding the briefing will follow in the near future.) In the meantime, information is available from PPIC at <http://www.ppic.org> .